UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

REPLY TO THE ATTENTION OF

MAY 03 2006

(AE-17J)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr John Jones
Reilly Industries, Inc
300 North Meridian Street
Indianapolis, Indiana 46204-1763

Re Finding of Violation
Reilly Industries, Inc
Indianapolis, Indiana

Dear Mr Jones

The United States Environmental Protection Agency (U S EPA) is issuing the enclosed Finding of Violation (FOV) to Reilly Industries, Inc ("Reilly" or "you") under Section 113(a)(1) of the Clean Air Act, 42 U S C § 7413(a)(1) We find that you are violating conditions of your Title V operating permit, and Section 112 of the Clean Air Act, 42 U S C § 7412 at your Indianapolis, Indiana facility

Section 113 of the Clean Air Act gives us several enforcement options These options include issuing an administrative compliance order, issuing an administrative penalty order, and bringing a judicial civil or criminal action The options we select may depend on, among other things, the length of time you take to achieve and demonstrate continuous compliance with the rules cited in the FOV

We are offering you an opportunity to confer with us about the violations alleged in the FOV The conference will give you an opportunity to present information on the specific findings of violation, any efforts you have taken to comply, and the steps you will take to prevent future violations

Please plan for your facility's technical and management personnel to attend the conference to discuss compliance measures and commitments You may have an attorney represent you at this conference

The U S EPA contact in this matter is Daniel Schaufelberger

You may call him at (312) 886-6814 to request a conference You should make the request as soon as possible, but no later than 10 calendar days after you receive this letter We should hold any conference within 30 calendar days of your receipt of this letter

Sincerely yours,

Mary P. Tyson

Stephen Rothblatt, Director
Air and Radiation Division

Enclosure

cc David McIver, Chief
Office of Enforcement Air Section
Indiana Department of Environmental Management

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5

IN THE MATTER OF:	)	
	)	
Reilly Industries, Inc Indianapolis, Indiana	)	**FINDING OF VIOLATION**
	)	
	)	**EPA-05-06-17-IN**
	)	
Proceedings Pursuant to the Clean Air Act, 42 U S C §§ 7401 et seq and § 7413(a)(1)	)	
	)	
	)	
	)	

FINDING OF VIOLATION

The United States Environmental Protection Agency (U S EPA) is issuing this Finding of Violation under Section 113(a)(1) of the Clean Air Act (Act), 42 U S C § 7413(a)(1) U S EPA finds that Reilly Industries, Inc (Reilly) is violating Section 112 of the Act, 42 U S C § 7412, the Indiana State Implementation Plan, and conditions of its Part 70 Operating Permit as follows

Statutory and Regulatory Background

Title V Operating Permit

1 Section 502 of the Act, 42 U S C § 7661a(a), and 40 C F R § 70 7(b) provide that, after the effective date of any permit program approved or promulgated under Title V of the Act, no source subject to Title V may operate except in compliance with a Title V permit

2 Section 113(a)(3) of the Act, 42 U S C § 7413(a)(3), authorizes the Administrator to initiate an enforcement action whenever, among other things, the Administrator finds that any person has violated or is in violation of a requirement or prohibition of Title V of the Act, or any rule promulgated, issued, or approved under Title V of the Act

3 U S EPA promulgated final interim approval of the Indiana Title V program on November 14, 1995 (60 Fed Reg 57191), and the program became effective on that date U S EPA promulgated final full approval of the Indiana Title V

program on December 4, 2001 (66 Fed Reg 62969)

4 The permittee must comply with all conditions of its Title V/Part 70 operating permit Any permit noncompliance constitutes a violation of the Act and is grounds for enforcement action, for permit termination, revocation and re-issuance, or modification, or for denial of a permit renewal application 40 C F R § 70 6(a)(6)(i)

5 Indiana Department of Environmental Management (IDEM) issued to Reilly a Part 70 Title V Operating Permit No T097-7552-00315, which became effective on January 12, 2005

6 Condition D 1 7 of Reilly's Title V operating permit requires that visible emission notations of boilers 30-2726S and 70-2722W stack exhausts shall be performed once per shift during normal daylight operations when burning fuel oil and hazardous waste A trained employee shall record whether emissions are normal or abnormal

7 Condition D 1 8(b) of Reilly's Title V operating permit requires Reilly to document compliance with Condition D 1 7 by maintaining records of visible emission notations of boilers 30-2726S and 70-2722W stack exhausts once per shift during normal daylight operations when burning fuel oil and hazardous waste

National Emission Standards for Hazardous Air Pollutants

8 Pursuant to Section 112 of the Act, 42 U S C § 7412, the Administrator of U S EPA (Administrator) promulgated the National Emission Standards for Hazardous Air Pollutants (NESHAP) for Pharmaceuticals Production, codified at 40 C F R Part 63, Subpart GGG

9 The NESHAP for Pharmaceuticals Production was proposed on April 2, 1997 and became final on September 21, 1998 The owner or operator of an existing affected source must comply with the provisions of the NESHAP no later than October 21, 2002, as required under 40 C F R § 63 1250(f)(1)

10 The NESHAP for Pharmaceuticals Production, at 40 C F R § 63 1250(a), defines an affected source as manufacturing operations that a) manufacture a pharmaceutical product, b) are located at a plant site that is a major source as defined in Section 112(a) of the Act, and c) process, use or produce Hazardous Air Pollutants (HAPs)

11 The NESHAP for Pharmaceuticals Production sets out applicability provisions at 40 C F R § 63 1250, definitions at 40 C F R § 63 1251, and general standards at 40 C F R § 63 1252

12 The NESHAP general provisions, at 40 C F R § 63 7(b)(1), provide that the owner or operator of an affected source must notify the Administrator in writing of his or her intention to conduct a performance test at least 60 calendar days before the performance test is initially scheduled to begin to allow the Administrator, upon request, to review and approve the site-specific test plan required under paragraph (c) of this section and to have an observer present during the test

13 The NESHAP, at 40 C F R § 63 1254(a)(2)(i), provides that the owner or operator shall maintain the actual HAP emissions from the sum of all process vents below 900 kilograms in any 365-day period

14 The NESHAP, at 40 C F R § 63 1258(b)(8), provides that the exceedances of parameters monitored according to the provisions of paragraphs (b)(1)(ii), (iv) through (ix), and (b)(5)(ii)(A) and (B) of this section, or excursions as defined by paragraphs (b)(7)(i) through (iii) of this section, constitute violations of the operating limit according to paragraphs (b)(8)(i), (ii), and (iv) of this section Exceedances of the temperature limit monitored to the provisions of paragraph (b)(1)(x) constitute violations of the emission limit according to paragraphs (b)(8)(i), (ii), and (iv) of this section

15 The NESHAP, at 40 C F R § 63 1257(d)(3)(i)(B), provides that the owner or operator using a condenser as a control device shall determine controlled emissions using exhaust gas temperature measurements and calculations for each batch emission episode within each unit operation according to engineering methodology in paragraphs (d)(3)(i)(B)(1) through (8) of this section

16 The NESHAP general provisions, at 40 C F R § 63 4(a)(1), provide that no owner or operator subject to the provisions of this part shall operate any affected source in violation of the requirements of this part except under an extension of compliance granted by the appropriate authority, and, at 40 C F R § 63 4(a)(2), that no owner or operator subject to the provisions of this part shall fail to keep records, notify, report, or revise reports as required

17 The NESHAP, at 40 C F R § 63 1257(d)(3)(ii) states that, except for condensers, controlled emissions for each process vent that is controlled using a large control device shall be determined by applying the control efficiency of the large control device to the estimated uncontrolled emissions The control efficiency shall be determined by conducting a performance test on the control device as described in paragraphs (d)(3)(ii)(A) through (C) of Section 63 1257, or by using the results of a previous performance test as described in (d)(4) of Section 63 1257

18 The NESHAP, at 40 C F R § 63 1257(b)(7) requires that testing of emissions on equipment operating as part of a continuous process must consist of three 1-hour runs

19 The NESHAP, at 40 C F R § 63 1257(b)(8) states that, except as provided for condensers, testing shall be conducted at absolute worst-case conditions or hypothetical worst-case conditions

20 The NESHAP, at 40 C F R § 63 1257(d)(2) requires that an affected source complying with the emission limitation required by Section 63 1254(a)(1), or emissions reductions specified in Section 63 1254(a)(2), (a)(3), or (b), for each process vent within a process, shall calculate uncontrolled emissions from all equipment in the process according to the procedures described in Section 63 1257(d)(2)(i)

21 The NESHAP, at 40 C F R § 63 1257(d)(3)(iii)(B) states that, during periods when the condenser is operating as a process condenser, the process condenser is properly operated when it meets either of the criteria described in paragraphs (d)(3)(iii)(B)(1) and (2) of this section The initial demonstration shall be conducted for all appropriate operating scenarios and documented in the Notification of Compliance Status report

22 The NESHAP, at 40 C F R § 63 1258(b)(1)(i) requires that for control devices that control vent streams less than 1 ton/yr HAP emissions, before control, monitoring shall consist of a daily verification that the device is operating properly

23 The NESHAP, at 40 C F R § 63 1257(d)(3)(iii)(A) provides that during periods in which a condenser functions as an air pollution control device, controlled emission shall be calculated using the emission estimation equations described in paragraphs (d)(3)(i)(B) of this section

24 The NESHAP, at 40 C F R § 63 1258(b)(1)(iii) requires that for each condenser, the owner or operator shall establish the maximum condenser outlet gas temperature as a site-specific operating parameter which must be measured and recorded at least every 15 minutes during the period in which the condenser is functioning in achieving the HAP removal required by this subpart

25 The NESHAP, at 40 C F R § 63 1260(f)(1) requires that the Notification of Compliance Status report include the results of any applicability determinations, emission calculations, or analyses used to identify and quantify HAP emissions from the affected source

26 The NESHAP, at 40 C F R § 63 1260(f)(3) requires that the Notification of Compliance Status report include descriptions of monitoring devices, monitoring frequencies, and the values of monitored parameters established during the initial compliance demonstrations, including data and calculations to support the levels established

27 The NESHAP, at 40 C F R § 63 1255(a)(1) states that the provisions of this section apply to pumps, compressors, agitators, pressure relief devices, sampling connection systems, open-ended valves or lines, valves, connectors, instrumentation systems, control devices, and closed vent-systems required by this section that are intended to operate in organic HAP service 300 hours or more during the calendar year

28 The NESHAP, at 40 C F R § 63 1256(a)(4)(i) requires that an owner or operator prepare a description of maintenance procedures for management of wastewater generated from the emptying and purging of equipment in the process during temporary shutdowns for inspections, maintenance, and repair and during periods which are not shutdowns

29 The NESHAP, at 40 C F R § 63 1256(a)(4)(iii) requires that an owner or operator implement the procedures described in paragraphs (a)(4)(i) and (ii) of this section as part of the SSM plan required under Section 63 6(e)(3)

30 The NESHAP, at 40 C F R § 63 1260(g)(2)(ii) states that if the total duration of excess emissions, parameter exceedances, or excursions for the reporting period is 1 percent or greater of the total operating time for the reporting period, or the total continuous monitoring system downtime for the reporting period is 5 percent or greater of the total operating time for the reporting period, the

periodic report must include the information in Section 63 1260(g)(2)(ii)(A)-(D)

31 The NESHAP, at 40 C F R § 63 1258(b)(8) states that exceedances of parameters monitored according to the provisions of paragraphs (b)(1)(ii), (iv) through (ix), and (b)(5)(ii)(A) and (B) of this section, or excursions as defined by paragraphs (b)(7)(i) through (iii) of this section, constitute violations of the operating limit according to paragraphs (b)(8)(i), (ii), and (iv) of this section Exceedances of the temperature limit monitored to the provisions of paragraph (b)(1)(x) constitute violations of the emission limit according to paragraphs (b)(8)(i), (ii), and (iv) of this section

32 Pursuant to Section 112 of the Act, 42 U S C § 7412, the Administrator of U S EPA (Administrator) promulgated the Hazardous Organic National Emission Standards for Hazardous Air Pollutants (HON), codified at 40 C F R Part 63, Subpart H

33 The HON, at 40 C F R § 63 162 (f)(1) states that when each leak is detected as specified in Sections 63 163 and 63 164, Sections 63 168 and 63 169, and Sections 63 172 through 63 174 of this subpart, a weatherproof and readily visible identification, marked with the equipment identification number, shall be attached to the leaking equipment

34 The HON, at 40 C F R § 63 163(b)(3) requires that each pump shall be checked by visual inspection each calendar week for indications of liquids dripping from the pump seal If there are indications of liquids dripping from the pump seal, a leak is detected

35 The HON, at 40 C F R § 63 167(a)(1) requires that each open-ended valve or line shall be equipped with a cap, blind flange, plug, or a second valve, except as provided in Section 63 162(b) of this subpart and paragraphs (d) and (e) of this section

36 The HON, at 40 C F R § 63 167(a)(2) states that the cap, blind flange, plug, or second valve shall seal the open end at all times except during operations requiring process fluid flow through the open-ended valve or line, or during maintenance or repair

37 The HON, at 40 C F R § 63 167(b) requires that each open-ended valve or line equipped with a second valve shall be

operated in a manner such that the valve on the process fluid end is closed before the second valve is closed

38 The HON, at 40 C F R § 63 163(b)(1) states that the owner or operator of a process unit subject to this subpart shall monitor each pump monthly to detect leaks by the method specified in Section 63 180(b) of this subpart and shall comply with the requirements of paragraphs (a) through (d) of this section, except as provided in Section 63 162(b) of this subpart and paragraphs (e) through (j) of this Section

39 The HON, at 40 C F R § 63 168(b)(1) states that valves shall be monitored to detect leaks by the method specified in Section 63 180(b) of this subpart

40 The HON, at 40 C F R § 63 174(a)(1) states that connectors shall be monitored to detect leaks by the method specified in Section 63 180(b) of this subpart

41 The HON, at 40 C F R § 63 180(b)(1) states that monitoring shall comply with Method 21 of 40 C F R Part 60, appendix A

Reilly's Indianapolis Facility

42 Reilly owns and operates a specialty chemical manufacturing facility at 1500 South Tibbs Avenue, Indianapolis, Indiana

43 Reilly's Indianapolis facility is subject to the requirements of 40 C F R Part 63, Subparts A, H, and GGG

44 Reilly is located in Marion County, Indiana, an area designated as non-attainment for the 8-hour average National Ambient Air Quality Standards (NAAQS) for Ozone 40 C F R § 81 315

45 Between September 13th and 15th, 2005, representatives from U S EPA, IDEM, and the City of Indianapolis conducted a Multi-Media compliance inspection at the Indianapolis, Indiana facility As part of this investigation, compliance with the Act was assessed

Violations

46 Reilly failed to maintain complete visible emissions notations for a number of normal daylight operating shifts

when boilers 30-2726S and 70-2722W were burning fuel oil and hazardous waste This is a violation of Reilly's Title V operating permit Condition D 1 7(a)

47 Reilly failed to maintain complete records of visible emissions for a number of normal daylight operating shifts when boilers 30-2726S and 70-2722W were burning fuel oil and hazardous waste This is a violation of Reilly's Title V operating permit Condition D 1 8(b)

48 Reilly failed to submit a performance test protocol for review and approval for testing the Plant 41 Waste Gas Incinerator This is a violation of 40 C F R § 63 7(b)(1)

49 Reilly failed to conduct a valid performance test of the Plant 41 Waste Gas Incinerator The testing consisted of two 1-hour tests as opposed to three 1-hour tests For those two one hour tests, the firebox temperature and outlet concentration were measured only in one of the tests In addition, the summary report for the stack test and the protocol did not provide the method(s) that were used to measure the inlet and outlet concentrations measurements made This is a violation of 40 C F R § 63 1257(b)(7)

50 Reilly failed to perform emissions modeling on the 3-Cyanopyridine process that is subject to the Pharma-MACT For the process vent options chosen by Reilly, Reilly was required to determine the uncontrolled and controlled emission from the process using the emission estimation equations provided in Section 63 1257(d)(2)(i) in the Pharma-MACT

51 Reilly failed to compute the Process Based Annual Mass Limit as a 365 day rolling average of actual HAP emissions for the benzene emission episodes of the 3-Cyanopyridine process Reilly has performed an annual emission calculation using equations other than the Pharma-MACT equations and has not included emission estimations from subject benzene storage tanks This is a violation of 40 C F R §§ 63 1257(d)(2) and 63 1254(a)(2)(i)

52 Reilly failed to perform an initial demonstration on all process condensers for the 3-Cyanopyridine process This is a violation of 40 C F R § 63 1257(d)(3)(iii)(B)

53 Reilly failed to determine if the condensers in the 3-Cyanopyridine process, when acting as a control device, control a stream of greater than 1 ton HAP per year This is

a violation of 40 C F R § 63 1258(b)(1)(i)

53 Reilly has not established or monitored any parameters on the condensers, when the condensers are acting as a control device This is a violation of 40 C F R §§ 63 1258(b)(1)(iii) and 63 1257(d)(3)(i)(B)

54 Reilly failed to include the results of all applicability determinations, emission calculations, engineering analyses, performance tests, and design evaluations for Plant 41 in the Notification of Compliance Status Report (NOCSR) This is a violation of 40 C F R § 63 1260(f)

55 Reilly failed to perform the initial monitoring of valves and connectors subject to LDAR requirements This is a violation of 40 C F R §§ 63 1255(b)(4) and 63 174(a)

56 Reilly has operating procedures for its Startup, Shutdowns, and Malfunctions (SSM) that appear as part of the recipe for the Pharma-MACT affected processes Reilly has not developed a Maintenance Wastewater Plan for the Pharma-MACT affected processes This is a violation of 40 C F R §§ 63 1256(a)(4)(i) and 63 1256(a)(4)(iii)

57 Reilly failed to provide sufficient information in the periodic report dated November 14, 2003 for parameter exceedances in the 3-Cyanopyridine process This is a violation of 40 C F R §§ 63 1260(g)(2)(ii)(a) through (c) and 63 1258(b)(8)

58 Reilly failed to physically identify each leak when it is detected This is a violation of 40 C F R § 63 162 (f)(1)

59 Reilly failed to check each pump by visual inspection each calendar week for leaks This is a violation of 40 C F R § 63 163(b)(3)

60 Reilly failed to equip each open-ended valve or line with a cap, blind flange, plug, or a second valve This is a violation of 40 C F R § 63 167(a) and (b) and Section D 9 10 of Reilly's Title V permit

61 Reilly failed to monitor each pump monthly to detect leaks by the method specified in Section 63 180(b) This is a violation of 40 C F R § 63 163(b)(1) and Section D 9 8(a) of Reilly's Title V permit

62 Reilly failed to monitor valves to detect leaks by the

method specified in Section 63 180(b) This is a violation of 40 C F R § 63 168(b)(1)

63 Reilly failed to monitor connectors to detect leaks by the method specified in Section 63 180(b) This is a violation of 40 C F R § 63 174(a)(1)

5/9/06

Date

Mary P. Tyson

Stephen Rothblatt, Director
Air and Radiation Division

CERTIFICATE OF MAILING

I, Betty Williams, certify that I sent a Notice and Finding of Violation, No EPA-05-06-17-IN, by Certified Mail, Return Receipt Requested, to

Mr John Jones
Director, Regulatory Management
Reilly Industries, Inc
300 North Meridian Street
Indianapolis, Indiana 46204-1763

I also certify that I sent copies of the Finding of Violation by first class mail to

David McIver, Chief
Office of Enforcement Air Section
Indiana Department of Environmental Management
100 North Senate Avenue, Room 1001
Indianapolis, Indiana 46206-6015

on the 9th day of May, 2006

Betty Williams

Betty Williams, Secretary
AECAS, (IL/IN)

CERTIFIED MAIL RECEIPT NUMBER 7001 0320 0006 1455 0983